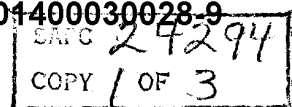


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5 February 1958

CMCC Doc. No. 151X5.961

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Dear Dan:

As a result of the decisions set forth in your letter No. 23284 of 10 January and the further discussions with Jack I. during his visit January 21 and 22, we are proceeding as follows with respect to the data reduction racks:

1. We are going ahead with the production work on the M rack slightly modified to accomplish the engineering changes agreed upon.
2. We are redesigning the N rack in accordance with the accompanying proposal. Production will be held up until these engineering changes are effected.
3. We are holding up production on the L rack pending further consideration by Jack and Jim.
4. We are proceeding with the first 15 F racks including the chart recorder modified in a fashion which we and Jack believe will be satisfactory. On this basis we believe the F racks can be delivered in accordance with the schedule shown in Exhibit A enclosed. We have agreed to investigate further the applicability of the chart recorder to the remaining F racks. We are proceeding with production work on these units but are holding up any procurement or work in connection with the chart recorder.

Based on these plans, it is probable that the delivery schedules for the M and N racks will be as shown in Exhibit B although the N rack will necessarily be subject to any delays occurring in the redesign work.

This document contains information affecting the national defense of the United States within the meaning of the Espionage Laws, Title 18 U.S.C., Section 793 and 794. Its transmission or the revelation of its contents in any manner to an unauthorized person is prohibited by law.

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The enclosed proposal covers the modifications to the M and N racks and the cost of incorporating them in units 3 and 4 of the M rack and unit 3 of the N rack. The production of an additional engineering prototype of the M rack, as agreed upon in the Suppliers Meeting, is covered by item 6 of the proposal. Certain modifications to change processing speed, provide a modified optional connection between the M and N racks, and provide a d-c readout, all of which were incorporated in the first N rack delivered, are covered by item 7 of the proposal. The estimated cost for the present M and N rack modifications, items 1 through 5 of the

25X1A

25X1A

The labor and burden rates used in items 1 through 6 of the proposal are those forecast for 1958, the period in which this work will be performed. The labor and burden rates used in item 7 are those for the latter part of 1957, the period in which that work was performed.

We are now proceeding with all of the work described in this proposal and with production work on the remaining M racks as described in the first paragraph of the letter. The fabrication of an additional engineering prototype was authorized at the time of the Suppliers Meeting and the work described in item 7 has already been completed.

We have not yet submitted our proposal for the production of the remaining M and N racks but, based on the changes proposed here, we will prepare such estimates and submit them to you in the near future.

Sincerely,

Dean
Dean

DEW:RFS

bb

Enclosures:

CMCC Doc. No. 1131X5.132, Copies 1-3

CMCC Doc. No. 1134X5.65, Copies 1-3

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CMCC Doc. No. 1133X5.55, Copies 1-3

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COPY OF

EXHIBIT A

DELIVERY SCHEDULE FOR F RACKS

<u>Serial No.</u>	<u>Delivery Date</u>
1	2-17-58
2	2-24-58
3	3-24-58
4, 5	3-31-58
6, 7	4-7-58
8, 9	4-14-58
10, 11	4-21-58
12, 13	4-28-58
14, 15	5-5-58
16	5-12-58
17	5-19-58
18	5-26-58
19	6-2-58
20	6-9-58
21	6-16-58
22	6-23-58
23	6-30-58
24	7-7-58
25	7-14-58
26	7-21-58
27	7-28-58
28	8-4-58

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EXHIBIT B

DELIVERY SCHEDULES FOR M AND N RACKS

<u>M Rack</u>		<u>N Rack</u>	
<u>Unit No.</u>	<u>Date</u>	<u>Unit No.</u>	<u>Date</u>
5	5-4-58	4	5-4-58
6	5-18-58	5	5-18-58
7	6-1-58	6	6-1-58
8	6-15-58	7	6-15-58
9	6-22-58	8	6-29-58
10	6-29-58	9	7-13-58
11	7-6-58		
12	7-13-58		

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